

Message Text

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ACTION EUR-25

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 1360

INFO AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

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C O N F I D E N T I A L BONN 04886

DEPARTMENT PASS AGRICULTURE FOR GOODMAN

E.O. 11652: GDS

TAGS: EAGR, GW

SUBJECT: EC COUNCIL OF MINISTERS (AGRICULTURAL) MARCH

21-23 MEETING--CAP SOYBEANS

REF: EC BRUSSELS 1767

1. IN DISCUSSIONS WITH MINAG OFFICIALS, WE REQUESTED
CLARIFICATION REGARDING THE COUNCIL'S ADOPTION IN
PRINCIPLE OF A CAP FOR SOYBEANS.

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2. IT WAS EXPLAINED TO US THAT WHEN THE COUNCIL ADOPTS

IN PRINCIPLE IT MEANT THAT THERE WILL BE A CAP FOR SOYBEANS. THIS IS THE INTERPRETATION OF BOTH THE MINISTRY OF AGRICULTURE AND THE FOREIGN OFFICE. IT IS RARE FOR THE COUNCIL TO REVERSE ITS DECISION ONCE AGREEMENT HAS BEEN REACHED IN PRINCIPLE.

3. THE COUNCIL POSITION IS THAT THERE WILL BE FINANCIAL SUPPORT MADE AVAILABLE TO COMMUNITY SOYBEAN GROWERS. THIS SUPPORT WILL BE A MINIMUM PRICE FOR SOYBEANS, PROBABLY AS REPORTED EARLIER, 222 UNITS OF ACCOUNT PER METRIC TON. THE COUNCIL DIRECTED THE COMMISSION BASED ON THE AGREEMENT IN PRINCIPLE TO COME UP WITH A NEW PROPOSAL. THEY ALSO INDICATED TO THE COMMISSION THAT THE PROPOSAL SHOULD NOT INCLUDE ANY BORDER RESTRICTIONS ON THE IMPORTS OF THIRD COUNTRY SOYBEANS AND SOYBEAN MEAL.

4. THE NEW COMMISSION PROPOSAL IS NOT EXPECTED TO BE AVAILABLE UNTIL SOMETIME IN MAY. THEREFORE, IT APPEARS UNLIKELY THAT ANY ACTION WILL BE TAKEN ON SOYBEANS AT THE NEXT COUNCIL MEETING SCHEDULED FOR APRIL 29.

5. THE MAIN POINTS MADE DURING THE COUNCIL'S DISCUSSION AND WHICH WILL BE MADE TO US ARE THAT THERE IS VERY LITTLE POTENTIAL FOR SOYBEAN PRODUCTION IN THE COMMUNITY AND THEREFORE WE SHOULD NOT CONCERN OURSELVES WITH THIS ACTION. THE FOLLOWING STATISTICS ARE CITED TO SUPPORT THIS POINT: IN 1973 THERE WERE ONLY 800 TONS OF SOYBEANS GROWN IN THE EUROPEAN COMMUNITY, AND IT IS ESTIMATED THAT IN 1974, WITH A SUBSIDY, PRODUCTION WOULD ONLY RISE TO 4,000 TONS. THE COMMISSION IS PROJECTING PRODUCTION TO RISE TO 100,000 TONS BY 1978, AND ACCORDING TO THEIR CALCULATIONS, THIS WILL EQUAL APPROXIMATELY ONE PERCENT OF THE TOTAL COMMUNITY'S SOYBEAN REQUIREMENTS. FURTHER, THE COMMISSION ARGUES THAT REQUIREMENTS WILL GROW BY 3 TO 5 PERCENT PER ANNUM.

6. COMMENT: WE POINTED OUT THAT SUBSIDIZED PRODUCTION OF SOYBEANS IN THE COMMUNITY WOULD REPLACE ON A ONE FOR

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ONE BASIS SOYBEAN IMPORTS. FURTHER, THE COMMUNITY'S ADOPTION OF A CAP FOR SOYBEANS WILL, IN ALL PROBABILITY, STIMULATE FURTHER PROTECTIVE ACTIONS IN THE FUTURE AS PRODUCTION INCREASES.

7. PLEASE MAKE AVAILABLE AS SOON AS POSSIBLE INSTRUC-

TIONS FOR FURTHER REPRESENTATIONS ON THIS ISSUE.
HILLENBRAND

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